

## **FAQs – Mortgage Loan Originator Licensing**

**Q: What is a Mortgage Loan Originator (MLO)?**

A: A MLO is someone who takes a residential mortgage loan application, offers or negotiates terms of a residential mortgage loan, or assists a consumer in obtaining or applying to obtain a residential mortgage loan. Mortgage loan activity includes, but is not limited to soliciting, negotiating, originating, processing, underwriting, funding, servicing, purchasing and offering loan modification services.

**Q: I am a Loan Originator. Do I have to obtain a MLO license?**

A: Yes. If you fall under the definition of a MLO, you must obtain a MLO license, unless you are specifically exempt from MLO licensing. The most common exemption is for depository institution loan originators. Originating a Georgia residential loan without a MLO license will subject the MLO and his/her employer to administrative action and fines.

**Q: How do I know if I am exempt from MLO licensing?**

A: If you are a loan originator employed by a bank, a subsidiary of a bank, a credit union or an institution regulated by the Farm Credit Administration, you do not have to obtain licensure. However, those individuals do have to be registered with the Nationwide Mortgage Licensing System and Registry (NMLSR). [Read more about federal registration on the NMLSR website.](#) Processors, underwriters, and real estate agents who do not engage in MLO activity and loan originators who only work on commercial mortgage loans are exempt from MLO licensing.

**Q: If I work for a company that is exempt from being licensed as a broker or lender in Georgia such as a non-profit organization, does this exempt me from MLO licensing?**

A: No. As long as you are performing duties spelled out in the definition of a MLO, you must be licensed as a MLO. The only exceptions are noted in the previous answers.

**Q: If I am a loan processor or underwriter, do I need a MLO license?**

A: If you are an exclusive W-2 employee of a licensed broker or lender and you do not assist borrowers in applying for or negotiating the terms of a loan, you do not have to hold a MLO license. However, if you ever venture into the activities described in the definition of a MLO or advertise such services, you must seek and obtain licensure.

**Q: I only work part-time. Is a part-time loan originator subject to the same licensing requirements as a full-time loan originator?**

A: Yes.

**Q: Can I be paid on a 1099 in connection with a residential mortgage loan?**

A: Georgia Law and Department Rules have not changed regarding this matter. The only way to be paid on a 1099 is for a licensed company to get paid on a 1099 in the company's name, or an

individual licensed as a broker or lender to get paid on a 1099 in the individual's name. All other work as an "independent contractor" is prohibited from being compensated via 1099.

**Q: I own a licensed mortgage company, but I do not originate loans or otherwise directly affect the loan process. My loan originators are the only people at my company that originate. I serve only in an administrative/operational role. Do I have to have a MLO license?**

**A:** No. Your loan originators will have to obtain MLO licenses, but you do not.

**Q: I am a Branch Manager of a mortgage company. Do I have to have a MLO license?**

**A:** In most situations, yes. If you originate loans or even assist consumers in applying to obtain a residential mortgage loan, then you must have an MLO license.

**Q: Is there a "grandfathering" clause that allows existing loan originators to bypass licensing?**

**A:** No. All loan originators must obtain a MLO license to conduct residential mortgage business. A past employment history of loan originating does not guarantee that a person will qualify for an MLO license. All applicants should review federal and state qualifications prior to applying for an MLO license in Georgia.

**Q: So now that I have my own MLO license, am I considered a mortgage broker? Can I originate loans on my own?**

**A:** Not unless you are also licensed as a mortgage broker or lender. The MLO license is a license that is separate from the broker and lender licenses issued by the Georgia Department of Banking and Finance. A MLO must be a supervised, exclusive, W-2 employee of a licensed mortgage company, or you must have your own mortgage license in addition to your MLO license.

**Q: Do I need a MLO license to do loan modifications?**

**A:** Yes. Unless you are specifically exempt from MLO licensing, you must be licensed.

**Q: What are the steps I must complete to obtain my MLO license?**

**A:** The first and most important step is going to the NMLS website (<http://mortgage.nationwidelicensingsystem.org/licensees/MLOs/Pages/default.aspx>) to start the licensing process. This will be the gateway to all other required steps. These include completing the NMLS's MU4 form, completing a 20-hour pre-licensing course, passing the national test and state test, submitting fingerprints and an authorization to have your credit report pulled, being covered under your employer's surety bond, and applying for MLO licensing in the states where you will conduct residential mortgage business.

**Q: Where can I find more information about the national and state specific tests?**

**A:** The NMLS website is the best resource for this information. Information regarding testing can be found here: <http://mortgage.nationwidelicensingsystem.org/profreq/testing/Pages/default.aspx>

**Q: Why are you checking my credit? Will my credit history affect the Department's decision to license me as a MLO?**

A: An MLO applicant must be aware of disqualifying factors, including criminal history and creditworthiness. NMLSR is not currently able to provide a credit report; therefore the Department will obtain these through TransUnion until NMLSR is able to do so. The Department does not qualify financial responsibility on a credit score, but looks at the MLO's overall credit report. Judgments, defaults on student or government loans, child support in arrears, and other factors could result in the denial of licensure. Tax liens, charge-offs or collection accounts, and foreclosures or short sales with a deficiency will also negatively affect MLO licensing unless a **payment plan is in place and at least 3 consecutive payments have been made prior to the application**. (Payment plans will be checked at renewal for continuation.)

Q: **If I am applying for a MLO license and a broker license, can my pre-licensing education for my MLO license also count toward my pre-licensing education requirement for my broker license?**

A: Yes. The 20-hour pre-licensing course for your MLO licensing can be counted toward the 40-hour pre-licensing requirement for your broker license.

Q: **Do I have to get my own bond?**

A: A licensed or registered broker or lender must cover its MLO employees under the company's surety bond.

Q: **Going forward, what will the Continuing Education requirements be for MLOs?**

A: MLOs will have to obtain 8 hours of Continuing Education through an educational provider approved by the NMLSR. At least 1 hour must be related to GA specific laws and rules. Education must be completed by October 31<sup>st</sup> of each year.

Q: **What period of time will the MLO license cover and when is the renewal period?**

A: Licenses will expire on December 31<sup>st</sup> of each year. The renewal period is from November 1<sup>st</sup> – November 30<sup>th</sup> of each year, with licenses being renewed for the following calendar year. Renewal applications received after November 30 will be subject to a \$100 late fee.

Q: **What is a NMLSR Unique Identifier?**

A: Upon signing up with NMLSR, you will be given your own NMLSR Unique Identifier. When you pass the federal requirements for licensing, your Unique Identifier will become effective (Upon meeting state requirements, you will also receive a MLO license number that is specific to individual states in which you get licensed). This unique identifier must appear on individual advertisements, business cards, and on the Mortgage Loan Transaction Journal kept by your employer.

Q: **Will my NMLSR Unique Identifier be made public?**

A: Yes. After you become licensed, your name, NMLSR Unique Identifier, and the name of your sponsoring company will be made public on the NMLS website to identify you to the public as an individual who is licensed to engage in residential mortgage business.

Q: **What identifiers should be on my business cards?**

A: Please see the examples on our website on the MLO Resources page under [Information for New Applicants](#).

Q: **As a MLO, can I be examined/fined/revoked by the Department?**

A: Yes. You are responsible for abiding by the laws and rules just like mortgage companies are. You must abide by the Georgia Residential Mortgage Act and the Mortgage Division Rules. You are responsible for maintaining a current Mortgage Loan Transaction Journal. The amount of time that you are required to keep these records is 5 years.

Q: **What kind of fees can I expect in obtaining my MLO license?**

A: The fees listed below are in effect at the current time; however, they are subject to change:

- Registering on NMLSR - \$30
- Pre-licensing course - Costs vary. Contact Provider.
- Nationwide test - \$92
- State test - \$69
- MLO Application for GA - \$100
- MLO Renewal for GA - \$100
- MLO fee for Late Renewal for GA - \$100
- Credit report - Credit report - \$15 (See <http://mortgage.nationwidelicencingsystem.org/profreq/credit/Pages/default.aspx> for details)
- Fingerprinting - \$39

If Georgia is the first state in which you get licensed, and therefore, the state in which you incur the bulk of the fees, costs associated with MLO licensing could total approximately \$600-700, perhaps more.

Q: **What laws govern the MLO licensing process and detail the actions we must take to stay in compliance?**

A: --Title V of the Housing and Economic Recovery Act of 2008 (H.E.R.A.), A/K/A Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E.)  
-- The Official Code of Georgia Annotated (O.C.G.A.) § 7-1-1000 et seq., A/K/A Georgia Residential Mortgage Act (GRMA)  
-- GA Compilation of Rules & Regulations 80-11-1 through 80-11-4, A/K/A Georgia Department of Banking and Finance Mortgage Division Rules  
-- O.C.G.A. § 7-6A-1 et seq., A/K/A Georgia Fair Lending Act (GAFLA)

Q: **Why did this new MLO licensing process come about?**

A: The S.A.F.E. Act, which is a federal law that provides for the licensing of MLOs, was put into place to establish minimum standards for the licensing of loan originators among all states. One of the goals of the S.A.F.E. Act was to establish minimum standards for licensing, thereby increasing accountability within the loan process.

Q: **I still have questions. Who can I contact for help?**

A: If you have general questions, you may submit them to [DBFMORT@dbf.state.ga.us](mailto:DBFMORT@dbf.state.ga.us).